

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Dryden	County Lapeer
Fiscal Year End June 30, 2007	Opinion Date August 31, 2007	Date Audit Report Submitted to State September 6, 2007	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., PC		Telephone Number 989-894-1040
Street Address 512 N. Lincoln St., Suite 100 PO Box 686		City Bay City
Authorizing CPA Signature 		State MI
Printed Name Mark J. Campbell		Zip 48707
		License Number 1885282

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 31, 2007

To the Township Board
Township of Dryden
Lapeer County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Dryden, Lapeer County, Michigan as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Dryden's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Dryden, Lapeer County, Michigan as of June 30, 2007, and the respective changes in financial position thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

The Management's Discussion and Analysis report of the Township of Dryden covers the Township's financial performance during the year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net Assets at June 30, 2007, totaled \$4,274,953.14. Of this total, \$1,222,172.80 represents capital assets net of depreciation.

Overall revenues were \$1,837,779.68.

We did not incur any new debt during the year.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General Fund, Fire Fund, Police Fund, Library Fund, Drug Enforcement Fund and the Revolving Improvement Fund.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

Governmental Fund Types – These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund: This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditures for specified purposes. These include the Fire Fund, Police Fund, Library Fund and Drug Enforcement Fund. Voters have approved millage rates for some of these funds to help carry out their operations.

Fiduciary Fund Types – These funds account for assets held by the Township as trustee or agent for individuals, private organization, and other units of government. These funds are as follows:

The Current Tax Collection Fund and Agency Fund: These funds are used to account for assets held as an agent or in trust for others.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Over the past year, the Township has contributed \$3.00 per person based on our population of 4,624 to help support the Lapeer County Ambulance Authority.

Dryden Township is continuing to make road improvements throughout the Township. The Township paid the Lapeer County Road Commission \$191,800.97 for various road projects during the fiscal year ended June 30, 2007.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$191,800.97, Fire protection, which incurred expenses of \$166,841.89, Police protection incurring expenses of \$365,713.84 and library incurred expenses of \$172,382.12. Fire protection, police protection and library are supported mainly by special millage that is voter approved.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

As of June 30, 2007, the Township had \$2,327,435.82 invested in capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in roads within the Township. The roads are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Lapeer County Road Commission (along with the responsibility to maintain them).

The Township of Dryden had no long-term debt activity during the fiscal year ended June 30, 2007.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The continued support of the ambulance authority will continue to impact the Township's resources. The Township Board also plans to invest in property for future growth. Because of the state reductions that affect local services, the Township needs to continue to watch its budget very closely.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investor's with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office, 4849 Dryden Road, Dryden. Phone 810-796-2248.

DRYDEN TOWNSHIP BOARD

Tina M. Papineau, Supervisor
Bonnie J. Rumley, Clerk
Joyce S. Korson, Treasurer

Sally Haynes, Trustee
Geary Priehs, Trustee

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	2 500 165 09
Investments	698 677 46
Petty cash	<u>250 00</u>
Total Current Assets	<u>3 199 092 55</u>
NON-CURRENT ASSETS:	
Capital Assets	2 327 435 82
Less: Accumulated Depreciation	<u>(1 105 263 02)</u>
Total Non-current Assets	<u>1 222 172 80</u>
TOTAL ASSETS	<u><u>4 421 265 35</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>146 312 21</u>
Total Current Liabilities	<u>146 312 21</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	1 222 172 80
Unrestricted	<u>3 052 780 34</u>
Total Net Assets	<u>4 274 953 14</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>4 421 265 35</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants - Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Legislative	90 635 42	-	-	(90 635 42)
General government	299 291 23	63 095 87	-	(236 195 36)
Public safety	649 629 37	-	79 591 00	(570 038 37)
Public works	191 800 97	-	-	(191 800 97)
Culture and recreation	<u>184 259 23</u>	<u>-</u>	<u>-</u>	<u>(184 259 23)</u>
Total Governmental Activities	<u>1 415 616 22</u>	<u>63 095 87</u>	<u>79 591 00</u>	<u>(1 272 929 35)</u>
General Revenues:				
Property taxes				1 199 852 12
State revenue sharing				275 535 04
Penal fines				25 201 01
Interest				145 498 38
Miscellaneous				<u>49 006 26</u>
Total General Revenues				<u>1 695 092 81</u>
Change in net assets				422 163 46
Net assets, beginning of year				<u>3 852 789 68</u>
Net Assets, End of Year				<u>4 274 953 14</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Library</u>
<u>Assets</u>				
Cash in bank	659 040 63	242 476 82	543 549 79	923 020 73
Investments	213 468 46	367 145 85	121 356 42	121 375 76
Petty cash	50 00	-	100 00	100 00
Due from other funds	<u>4 816 78</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>877 375 87</u>	<u>609 622 67</u>	<u>665 006 21</u>	<u>1 044 496 49</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	<u>111 828 55</u>	<u>391 00</u>	<u>31 791 37</u>	<u>2 301 29</u>
Total liabilities	<u>111 828 55</u>	<u>391 00</u>	<u>31 791 37</u>	<u>2 301 29</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>765 547 32</u>	<u>609 231 67</u>	<u>633 214 84</u>	<u>1 042 195 20</u>
Total fund equity	<u>765 547 32</u>	<u>609 231 67</u>	<u>633 214 84</u>	<u>1 042 195 20</u>
Total Liabilities and Fund Equity	<u>877 375 87</u>	<u>609 622 67</u>	<u>665 006 21</u>	<u>1 044 496 49</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total</u>
2 591 31	2 495 348 31
-	698 677 46
-	250 00
-	4 816 78
<u>2 591 31</u>	<u>3 199 092 55</u>

<u>-</u>	<u>146 312 21</u>
<u>-</u>	<u>146 312 21</u>

<u>2 591 31</u>	<u>3 052 780 34</u>
<u>2 591 31</u>	<u>3 052 780 34</u>
<u>2 591 31</u>	<u>3 199 092 55</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	3 052 780 34
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	2 327 435 82
Accumulated depreciation	<u>(1 105 263 02)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>4 274 953 14</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
June 30, 2007

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Library</u>
Revenues:				
Property taxes	297 543 83	211 360 16	430 954 72	259 993 41
Federal grants	-	79 591 00	-	-
State revenue sharing	268 334 22	-	3 689 66	3 511 16
Charges for services – PTAF	63 095 87	-	-	-
Penal fines	-	-	-	25 201 01
Interest	49 907 67	26 281 14	23 120 63	46 174 76
Miscellaneous	22 193 26	3 173 73	15 636 09	6 071 18
Total revenues	<u>701 074 85</u>	<u>320 406 03</u>	<u>473 401 10</u>	<u>340 951 52</u>
Expenditures:				
Legislative:				
Township Board	90 635 42	-	-	-
General government:				
Supervisor	49 007 31	-	-	-
Elections	8 222 66	-	-	-
Attorney	15 283 93	-	-	-
Assessor	38 052 45	-	-	-
Clerk	75 265 99	-	-	-
Board of Review	2 007 03	-	-	-
Treasurer	70 408 88	-	-	-
Building and grounds	19 069 38	-	-	-
Cemetery	4 512 40	-	-	-
Public safety:				
Police protection	-	-	365 713 84	-
Fire protection	-	166 841 89	-	-
Ambulance	13 872 00	-	-	-
Protective inspection	4 423 69	-	-	-
Planning Commission	8 178 52	-	-	-
Appeals Board	1 873 55	-	-	-
Public works:				
Highways and streets	191 800 97	-	-	-
Culture and recreation:				
Library	-	-	-	172 382 12
Capital outlay	2 464 00	89 315 00	31 244 18	3 433 48
Total expenditures	<u>595 078 18</u>	<u>256 156 89</u>	<u>396 958 02</u>	<u>175 815 60</u>
Excess (deficiency) of revenues over expenditures	105 996 67	64 249 14	76 443 08	165 135 92
Fund balances, July 1	<u>659 550 65</u>	<u>544 982 53</u>	<u>556 771 76</u>	<u>877 059 28</u>
Fund Balances, June 30	<u>765 547 32</u>	<u>609 231 67</u>	<u>633 214 84</u>	<u>1 042 195 20</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total</u>
-	1 199 852 12
-	79 591 00
-	275 535 04
-	63 095 87
-	25 201 01
14 18	145 498 38
<u>1 932 00</u>	<u>49 006 26</u>
<u>1 946 18</u>	<u>1 837 779 68</u>

-	90 635 42
-	49 007 31
-	8 222 66
-	15 283 93
-	38 052 45
-	75 265 99
-	2 007 03
-	70 408 88
-	19 069 38
-	4 512 40
3 735 58	369 449 42
-	166 841 89
-	13 872 00
-	4 423 69
-	8 178 52
-	1 873 55
-	191 800 97
-	172 382 12
-	<u>126 456 66</u>
<u>3 735 58</u>	<u>1 427 744 27</u>

(1 789 40)	410 035 41
<u>4 380 71</u>	<u>2 642 744 93</u>
<u>2 591 31</u>	<u>3 052 780 34</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 410 035 41

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(114 328 61)
Capital Outlay	<u>126 456 66</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 422 163 46

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Dryden, Lapeer County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Dryden. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

The Current Tax Collection and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2006 tax roll millage rate was 4.6252 mills, and the taxable value was \$225,757,752.00.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	3-40 years
Furniture and equipment	3-40 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>2 507 532 34</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	200 681 63
Uninsured and Uncollateralized	<u>2 370 916 23</u>
Total Deposits	<u>2 571 597 86</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 3 – Deposits and Investments (continued)

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized: Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-risk-Categorized: Financial Institution Pooled Funds				<u>698 677 46</u>
Total Investments				<u>698 677 46</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/07</u>
Land and improvements	107 937 04	1 140 00	-	109 077 04
Buildings and improvements	1 181 500 00	-	-	1 181 500 00
Equipment	<u>963 033 42</u>	<u>125 316 66</u>	<u>-</u>	<u>1 036 858 78</u>
Total	2 252 470 46	126 456 66	-	2 327 435 82
Accumulated Depreciation	<u>(1 042 425 71)</u>	<u>(114 328 61)</u>	<u>-</u>	<u>(1 105 263 02)</u>
Net Capital Assets	<u>1 210 044 75</u>	<u>12 128 05</u>	<u>-</u>	<u>1 222 172 80</u>

Note 5 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>4 816 78</u>	Current Tax Collection Agency	<u>4 506 69</u> <u>310 09</u>
Total	<u>4 816 78</u>	Total	<u>4 816 78</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. The net pension expense for the fiscal year ended June 30, 2007, was \$52,982.56.

Note 7 – Deferred Compensation Plan

The Township of Dryden offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan are held in trust, (a custodial account) as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the Township of Dryden for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Local Unit of Government's financial statements.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

The Township of Dryden does not issue building permits. Building permits are issued by the County of Lapeer.

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	297 000 00	297 000 00	297 543 83	543 83
State revenue sharing	262 000 00	262 000 00	268 334 22	6 334 22
Charges for services – PTAF	56 100 00	56 100 00	63 095 87	6 995 87
Interest	24 200 00	24 200 00	49 907 67	25 707 67
Miscellaneous	<u>20 800 00</u>	<u>20 800 00</u>	<u>22 193 26</u>	<u>1 393 26</u>
Total revenues	<u>660 100 00</u>	<u>660 100 00</u>	<u>701 074 85</u>	<u>40 974 85</u>
Expenditures:				
Legislative:				
Township Board	99 570 00	99 570 00	90 635 42	(8 934 58)
General government:				
Supervisor	56 298 00	56 298 00	49 007 31	(7 290 69)
Elections	12 120 00	12 120 00	8 222 66	(3 897 34)
Attorney	30 000 00	30 000 00	15 283 93	(14 716 07)
Assessor	43 500 00	43 500 00	38 052 45	(5 447 55)
Clerk	78 830 00	78 830 00	75 265 99	(3 564 01)
Board of Review	3 260 00	3 260 00	2 007 03	(1 252 97)
Treasurer	74 630 00	74 630 00	70 408 88	(4 221 12)
Building and grounds	25 070 00	25 070 00	19 069 38	(6 000 62)
Cemetery	5 500 00	5 500 00	4 512 40	(987 60)
Public safety:				
Ambulance	14 100 00	14 100 00	13 872 00	(228 00)
Protective inspection	4 900 00	4 900 00	4 423 69	(476 31)
Planning Commission	20 010 00	20 010 00	8 178 52	(11 831 48)
Appeals Board	4 430 00	4 430 00	1 873 55	(2 556 45)
Public works:				
Highways and streets	192 000 00	192 000 00	191 800 97	(199 03)
Drains	500 00	500 00	-	(500 00)
Capital outlay	<u>10 000 00</u>	<u>10 000 00</u>	<u>2 464 00</u>	<u>(7 536 00)</u>
Total expenditures	<u>674 718 00</u>	<u>674 718 00</u>	<u>595 078 18</u>	<u>(79 639 82)</u>
Excess (deficiency) of revenues over expenditures	(14 618 00)	(14 618 00)	105 996 67	120 614 67
Fund balance, July 1	<u>15 000 00</u>	<u>15 000 00</u>	<u>659 550 65</u>	<u>644 550 65</u>
Fund Balance, June 30	<u><u>382 00</u></u>	<u><u>382 00</u></u>	<u><u>765 547 32</u></u>	<u><u>765 165 32</u></u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	210 708 00	210 708 00	211 360 16	652 16
Federal grant	-	79 591 00	79 591 00	-
Interest	15 000 00	15 000 00	26 281 14	11 281 14
Miscellaneous	<u>2 250 00</u>	<u>2 250 00</u>	<u>3 173 73</u>	<u>923 73</u>
Total revenues	<u>227 958 00</u>	<u>307 549 00</u>	<u>320 406 03</u>	<u>12 857 03</u>
Expenditures:				
Public safety:				
Fire protection	186 373 00	186 373 00	166 841 89	(19 531 11)
Capital outlay	<u>304 865 00</u>	<u>384 456 00</u>	<u>89 315 00</u>	<u>(295 141 00)</u>
Total expenditures	<u>491 238 00</u>	<u>570 829 00</u>	<u>256 156 89</u>	<u>(314 672 11)</u>
Excess (deficiency) of revenues over expenditures	(263 280 00)	(263 280 00)	64 249 14	327 529 14
Fund balance, July 1	<u>263 280 00</u>	<u>263 280 00</u>	<u>544 982 53</u>	<u>281 702 53</u>
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>609 231 67</u>	<u>609 231 67</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

BUDGETARY COMPARISON SCHEDULE -- POLICE FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	429 815 00	429 815 00	430 954 72	1 139 72
State revenue sharing	3 800 00	3 800 00	3 689 66	(110 34)
Interest	9 000 00	9 000 00	23 120 63	14 120 63
Miscellaneous	<u>9 212 00</u>	<u>9 212 00</u>	<u>15 636 09</u>	<u>6 424 09</u>
Total revenues	<u>451 827 00</u>	<u>451 827 00</u>	<u>473 401 10</u>	<u>21 574 10</u>
Expenditures:				
Public safety:				
Police protection	418 051 00	418 051 00	365 713 84	(52 337 16)
Capital outlay	<u>33 776 00</u>	<u>33 776 00</u>	<u>31 244 18</u>	<u>(2 531 82)</u>
Total expenditures	<u>451 827 00</u>	<u>451 827 00</u>	<u>396 958 02</u>	<u>(54 868 98)</u>
Excess (deficiency) of revenues over expenditures	-	-	76 443 08	76 443 08
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>556 771 76</u>	<u>556 771 76</u>
Fund Balance, June 30	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>633 214 84</u></u>	<u><u>633 214 84</u></u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	265 000 00	265 000 00	259 993 41	(5 006 59)
State revenue sharing	2 000 00	2 000 00	3 511 16	1 511 16
Penal fines	20 000 00	20 000 00	25 201 01	5 201 01
Interest	20 000 00	20 000 00	46 174 76	26 174 76
Miscellaneous	<u>4 500 00</u>	<u>4 500 00</u>	<u>6 071 18</u>	<u>1 571 18</u>
Total revenues	<u>311 500 00</u>	<u>311 500 00</u>	<u>340 951 52</u>	<u>29 451 52</u>
Expenditures:				
Culture and recreation:				
Library	294 551 00	294 551 00	172 382 12	(122 168 88)
Capital outlay	<u>16 949 00</u>	<u>16 949 00</u>	<u>3 433 48</u>	<u>(13 515 52)</u>
Total expenditures	<u>311 500 00</u>	<u>311 500 00</u>	<u>175 815 60</u>	<u>(135 684 40)</u>
Excess of revenues over expenditures	-	-	165 135 92	165 135 92
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>877 059 28</u>	<u>877 059 28</u>
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>1 042 195 20</u>	<u>1 042 195 20</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
June 30, 2007

	<u>Drug Enforcement</u>	<u>Fire</u>	<u>Police</u>	<u>Library</u>
<u>Assets</u>				
Cash in bank	2 591 31	367 145 85	543 549 79	923 020 73
Investments	-	242 476 82	121 356 42	121 375 76
Petty cash	-	-	100 00	100 00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>2 591 31</u>	<u>609 622 67</u>	<u>665 006 21</u>	<u>1 044 496 49</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	-	391 00	31 791 37	2 301 29
Total liabilities	<u> </u>	<u>391 00</u>	<u>31 791 37</u>	<u>2 301 29</u>
Fund balances:				
Unreserved:				
Undesignated	2 591 31	609 231 67	633 214 84	1 042 195 20
Total fund balances	<u>2 591 31</u>	<u>609 231 67</u>	<u>633 214 84</u>	<u>1 042 195 20</u>
Total Liabilities and Fund Balances	<u>2 591 31</u>	<u>609 622 67</u>	<u>665 006 21</u>	<u>1 044 496 49</u>

Total

1 836 307 68

485 209 00

200 00

2 321 716 68

34 483 66

34 483 66

2 287 233 02

2 287 233 02

2 321 716 68

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

Year ended June 30, 2007

	<u>Drug Enforcement</u>	<u>Fire</u>	<u>Police</u>	<u>Library</u>
Revenues:				
Property taxes	-	211 360 16	430 954 72	259 993 41
Federal grant	-	79 591 00	-	-
State revenue sharing	-	-	3 689 66	3 511 16
Penal fines	-	-	-	25 201 01
Interest	14 18	26 281 14	23 120 63	46 174 76
Miscellaneous	<u>1 932 00</u>	<u>3 173 73</u>	<u>15 636 09</u>	<u>6 071 18</u>
Total revenues	<u>1 946 18</u>	<u>320 406 03</u>	<u>473 401 10</u>	<u>340 951 52</u>
Expenditures:				
Public safety:				
Police protection	3 735 58	-	365 713 84	-
Fire protection	-	166 841 00	-	-
Culture and recreation:				
Library	-	-	-	172 382 12
Capital outlay	<u>-</u>	<u>89 315 00</u>	<u>31 244 18</u>	<u>3 433 48</u>
Total expenditures	<u>3 735 58</u>	<u>256 156 89</u>	<u>396 958 02</u>	<u>175 815 60</u>
Excess (deficiency) of revenues over expenditures	(1 789 40)	64 249 14	76 443 08	165 135 92
Fund balances, July 1	<u>4 380 71</u>	<u>544 982 53</u>	<u>556 771 76</u>	<u>877 059 28</u>
Fund Balances, June 30	<u><u>2 591 31</u></u>	<u><u>609 231 67</u></u>	<u><u>633 214 84</u></u>	<u><u>1 042 195 20</u></u>

Total

902 308 29
79 591 00
7 200 82
25 201 01
95 590 71
26 813 00

1 136 704 83

369 449 42
166 841 89

172 382 12
123 992 66

832 666 09

304 038 74

1 983 194 28

2 287 233 02

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year ended June 30, 2007

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/07</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>748 22</u>	<u>5 355 175 88</u>	<u>5 351 417 41</u>	<u>4 506 69</u>
<u>Liabilities</u>				
Due to other funds	748 22	1 008 673 51	1 004 915 04	4 506 69
Due to others	<u>-</u>	<u>4 346 502 37</u>	<u>4 346 502 37</u>	<u>-</u>
Total Liabilities	<u>748 22</u>	<u>5 355 175 88</u>	<u>5 351 417 41</u>	<u>4 506 69</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank and Investments	<u>6 988 18</u>	<u>24 391 98</u>	<u>23 701 82</u>	<u>7 678 34</u>
<u>Liabilities</u>				
Deposits payable	6 874 75	21 212 38	20 718 88	7 368 25
Due to other funds	<u>113 43</u>	<u>3 179 60</u>	<u>2 982 94</u>	<u>310 09</u>
Total Liabilities	<u>6 988 18</u>	<u>24 391 98</u>	<u>23 701 82</u>	<u>7 678 34</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank and Investments	<u>7 736 70</u>	<u>5 379 567 86</u>	<u>5 375 119 23</u>	<u>12 185 03</u>
<u>Liabilities</u>				
Deposits payable	6 874 75	21 212 38	20 718 88	7 368 25
Due to other funds	861 65	1 011 853 11	1 007 897 98	4 816 78
Due to others	<u>-</u>	<u>4 346 502 37</u>	<u>4 346 502 37</u>	<u>-</u>
Total Liabilities	<u>7 736 40</u>	<u>5 379 567 86</u>	<u>5 375 119 23</u>	<u>12 185 03</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Township Board:	
Salaries	15 010 68
Payroll taxes	362 88
Fringe benefits	12 326 24
Office supplies	6 169 36
Cleanup	4 814 00
Recycle	1 583 24
Audit	4 600 00
Memberships and dues	4 675 01
Telephone	3 500 37
Printing and publishing	1 276 61
Insurance	25 008 76
Miscellaneous	11 308 27
	<u>90 635 42</u>
Supervisor:	
Salary	31 237 32
Payroll taxes	2 813 70
Fringe benefits	8 154 00
Insurance	5 542 67
Miscellaneous	1 259 62
	<u>49 007 31</u>
Elections:	
Wages	5 734 57
Payroll taxes	108 45
Office supplies	1 114 10
Travel	172 26
Printing and publishing	293 63
Miscellaneous	799 65
	<u>8 222 66</u>
Attorney	<u>15 283 93</u>
Assessor:	
Office supplies	3 592 45
Contracted services	34 460 00
	<u>38 052 45</u>
Clerk:	
Salary	37 865 04
Salary – deputy	14 646 63
Payroll taxes	4 509 60
Fringe benefits	9 528 81
Insurance	6 437 05
Education	1 969 64
Miscellaneous	309 22
	<u>75 265 99</u>
Board of Review:	
Wages	1 836 91
Payroll taxes	33 20
Fringe benefits	64 93
Miscellaneous	71 99
	<u>2 007 03</u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Treasurer:	
Salary	32 829 96
Salary – deputy	12 883 22
Payroll taxes	3 924 04
Insurance	5 581 10
Fringe benefits	8 257 52
Office supplies	2 828 01
Travel	715 28
Miscellaneous	3 389 75
	<u>70 408 88</u>
Building and grounds:	
Wages	3 800 00
Payroll taxes	55 23
Fringe benefits	142 55
Operating supplies	1 235 32
Contracted services	3 748 42
Utilities	5 740 45
Maintenance	3 987 91
Miscellaneous	359 50
	<u>19 069 38</u>
Cemetery	<u>4 512 40</u>
Ambulance	<u>13 872 00</u>
Protective Inspection	<u>4 423 69</u>
Planning Commission:	
Wages	3 279 75
Payroll taxes	58 06
Fringe benefits	103 74
Contracted services	3 558 20
Miscellaneous	1 178 77
	<u>8 178 52</u>
Appeals Board:	
Wages	1 585 65
Payroll taxes	44 24
Miscellaneous	243 66
	<u>1 873 55</u>
Highways and streets:	
Repairs and maintenance	<u>191 800 97</u>
Capital outlay	<u>2 464 00</u>
Total Expenditures	<u><u>595 078 18</u></u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

FIRE FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Fire protection:	
Salaries and wages	82 533 02
Payroll taxes	1 965 69
Fringe benefits	2 497 67
Office supplies	1 771 02
Operating supplies	11 683 45
Fire prevention	696 83
Repairs and maintenance	10 463 07
EMS	14 329 17
Memberships and dues	572 79
Physicals	550 00
Travel	3 666 90
Insurance	22 018 03
Utilities	9 866 58
Training	1 747 00
Miscellaneous	89 315 00
Capital outlay	<u>2 480 67</u>
Total Expenditures	<u><u>256 156 89</u></u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

POLICE FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Police protection:	
Salaries and wages	231 844 80
Fringe benefits	18 499 78
Payroll taxes	14 770 08
Supplies	20 444 75
Repairs and maintenance	9 269 37
Telephone	3 660 26
Utilities	3 450 93
Insurance	54 742 11
Miscellaneous	9 031 76
Capital outlay	<u>31 244 18</u>
Total Expenditures	<u><u>396 958 02</u></u>

TOWNSHIP OF DRYDEN
Lapeer County, Michigan

LIBRARY FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Library:	
Salaries and wages	78 180 80
Payroll taxes	5 801 62
Supplies	5 120 40
Repairs and maintenance	4 383 58
Memberships and dues	9 436 92
Contracted services	6 301 87
Travel	2 943 38
Insurance	4 518 81
Utilities	7 338 32
Audio visual	11 400 34
Books and periodicals	32 915 91
Miscellaneous	4 040 17
Capital outlay	<u>3 433 48</u>
Total Expenditures	<u><u>175 815 60</u></u>

CAMPBELL, KUSTERER & CO., P.C.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 31, 2007

To the Township Board
Township of Dryden
Lapeer County, Michigan

We have audited the financial statements of the Township of Dryden for the year ended June 30, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Dryden in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Dryden
Lapeer County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants